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**Secret**



# Economic Intelligence Weekly

**Secret**

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## ECONOMIC INTELLIGENCE WEEKLY

23 October 1974

### INDUSTRIAL NATIONS

**OECD: Secretariat Gloomier on Economic Outlook;** The Secretariat now foresees stagnation of output in the major developed countries through 1975. [ ]

[ ] see page 1.)

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**West German Investment in the United States Accelerates;** Direct investment in the first half of \$200 million compares with \$130 million for all of 1973. [ ]

[ ] see page 4.) In the meantime, sluggish economic activity and tight credit are driving West German businesses into bankruptcy at an increasing rate. [ ]

[ ] see page 9.)

**British Retail Prices** rose 1.1% in September, the largest monthly gain since May. The increase will trigger cost-of-living pay raises for more than 10 million workers; a further increase is likely next month. So far in 1974, eight threshold pay hikes have been triggered by the United Kingdom's spiraling inflation. [ ]

**EC Extends Beef Ban;** The EC Commission's decision to extend the ban on beef exports indefinitely may provoke retaliatory action by beef exporters. [ ]

[ ] see page 9.) In another development, the Commission has recommended that negotiations begin on a non-preferential trade agreement with Mexico. [ ]

**Japan: No Recovery in Sight;** Even though an expected upturn in demand has failed to materialize, Tokyo seems determined to stay with its tough anti-inflationary policy. [ ] see page 3.)

**Canada: Wheat Export Sales Suspended;** Frost has reduced the 1974 harvest to 13.3 million tons, 20% below last year. [ ] see page 9.)

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### COMMUNIST COUNTRIES

**China: Grain Imports Cut;** Peking has sharply reduced its scheduled imports for 1974, with most of the impact falling on US shipments. [ ] see page 7.)

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### DEVELOPING COUNTRIES

**Saudi Arabia: Oil Revenue and Investment Flow in 1974;** Much of the greatly increased net revenues in second half 1974 will flow into the US capital markets.

[ ] see page 5.)

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**Banana Exporters Union: Alive But Not Well;** Efforts by four countries to tax banana exports may cost them a substantial share of the US market. [ ] see page 8.)

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**Indonesia to Sell Rice to Bangladesh;** Rising government stocks have prompted an offer of 50,000 to 80,000 tons.

[ ] see page 9.)

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### INTERNATIONAL MARKETS

**The Dollar,** following a brief rally Monday, eased again last week against most major currencies. Declining

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Eurodollar rates continued to dominate exchange rate movements. The largest losses were against the Swiss franc, which gained more than 1%. The French franc, lira, and Benelux currencies also strengthened slightly. The pound, mark, and yen declined marginally against the dollar. [ ]

Sugar prices continue to skyrocket. Cotton prices are trending downward. ( [ ] see Agricultural Price Chart, page A-4.)

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**Sugar Prices Continue Upward Spiral,** The world market price has climbed to 41 cents per pound f.o.b. Caribbean, more than quadruple the 1 January price. [ ]  
[ ]-see page 10.)

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Gold was fixed at \$158.00 an ounce in London yesterday afternoon, up \$3 for the week. [ ]

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**Copper Prices** on the LME edged below 60 cents a pound to 59.8 cents on Monday for the first time since early 1973. US producers dropped their price to 75.6 cents. Weak demand continues to put downward pressure on prices in spite of reduced Japanese sales. LME stocks reached 97,000 tons on Monday, the highest level since March 1973. LME tin prices plunged from \$4.45 a pound in early September to \$3.12 on Monday. [ ]  
[ ]-see Metals Price Chart, page A-3.)

## PUBLICATIONS OF INTEREST

**Communist Trade and Aid Activities in Less Developed Countries** (See page 10.)

**Egypt's Agricultural Prospects** (See page 10.)

## COMPARATIVE INDICATORS

**Recent Data Concerning Internal Economic Activities**  
(See page A-1.)

**Recent Data Concerning External Economic Activities**  
(See page A-2.)

**Metal Prices** (See page A-3.)

**Agricultural Prices** (See page A-4.)

**Agriculture: Market Prices** are beginning to react to tightening supplies of wheat, corn, and soybeans, emphasized by the renegotiation of US grain sales to the USSR. Wheat prices shot up from the steady average of the past three months to top \$5.00 a bushel on Monday while the average corn prices for the first three weeks of October hit an all-time high of \$3.75 a bushel. Soybeans reached a 1974 peak after a slight drop in September.

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## Articles

## OECD: SECRETARIAT GLOOMIER ON ECONOMIC OUTLOOK

In its current forecast, the OECD Secretariat paints a much more pessimistic picture of short-term economic prospects in the major developed countries.

The Secretariat now sees stagnation in output through 1975. In July it had forecast a 2.75% annual rate of growth for the seven major countries in the second half of 1974 and a 3.75% rate in the first half of 1975.

Major revisions have been made in projections for the United States, West Germany, and Japan. On a weighted-average basis, OECD has cut its projected growth rate for these countries from 2.4% to -0.3% for the current half and from 4% to -0.6% for the first half of 1975. The reductions for the United States are particularly sharp; the Secretariat now is predicting a decline in US output in both 1974 and 1975.

## Developed Countries: Projections of Economic Growth

	Percent Change in GNP <sup>1</sup>						
	Second Half 1974			First Half 1975			Second Half 1975
	OECD (Jul)	OECD (Current) <sup>2</sup>	CIA (Sep)	OECD (Jul)	OECD (Current) <sup>2</sup>	CIA (Sep)	OECD (Current) <sup>2</sup>
Canada	3.5	2.5	2.2	5.25	2.5	4.0	3.75
France	4.5	4.25	3.3	4.25	3.0	3.9	1.75
Italy	0	0	0.4	1.5	-0.25	0.6	-0.25
Japan	4.5	3.0	2.4	7.25	1.5	3.9	1.75
United Kingdom <sup>3</sup>	4.5	5.0	2.2	1.25	-1.0	0.6	0.75
West Germany	3.5	0	-1.0	4.25	3.0	3.9	0.75
Six major foreign countries	4.0	2.4	1.5	4.5	1.7	3.2	1.4
United States	1.5	-1.25		3	-2.0		-0.75
Seven major developed countries	2.75	0.6		3.75	-0.2		0.3

1. Seasonally adjusted annual rate over preceding half.

2. Tentative forecasts, not to be publicly attributed to OECD.

3. GDP.

Note: Comments and queries regarding the *Economic Intelligence Weekly* are welcomed.

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The change in the OECD appraisal is attributable to several factors:

- economic policies are more restrictive than was assumed in July, particularly in the United States, Japan, and West Germany;
- recessionary momentum has become more pronounced than was expected in July;
- prices have been rising more rapidly than forecast, reducing real incomes and making governments more reluctant to loosen monetary and fiscal policies; and
- stockbuilding has been particularly strong, pointing to weaker demand in 1975 than was previously forecast.

OECD price and trade forecasts also have become more pessimistic. The Secretariat sees double-digit inflation continuing in most major countries throughout 1975. The principal cause is anticipated wage increases of 15% to 20%, with rising food prices aggravating the problem. The Secretariat expects the growth of trade volume to slow considerably in 1975.

The current OECD projections for 1974 are more in line with our September expectations than those published in July. Nonetheless, some differences remain. For example, even the revised OECD forecast of zero growth in West Germany in the second half of 1974 is based on a projected rise in export volume. Our forecast was for zero growth in export volume and a 1% fall in real output. The OECD growth estimate for Japan, though now closer to ours, reflects expectations of a better export record and poorer domestic performance than we thought probable.

If we were making projections today for the first half of 1975, we would lower our September figures for several countries:

- evidence is mounting that Japanese export prospects are weakening and that a large inventory overhang will stymie domestic recovery;
- the growth outlook for Canada is dimmed by worsening economic prospects in the United States; and
- the outlook in France, still relatively bright, has been dampened by slackening consumer demand and scaling down of industrial expansion plans.

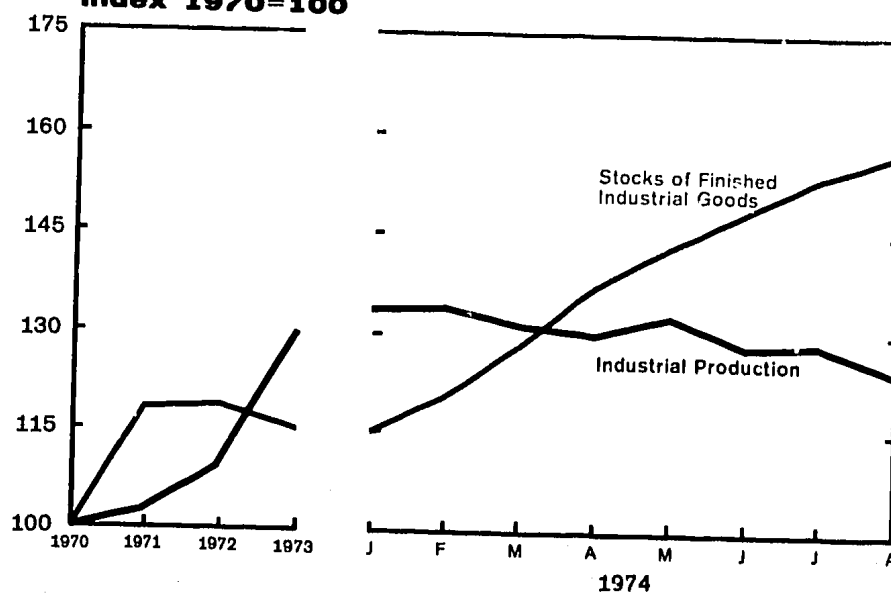
**Secret****JAPAN: NO RECOVERY IN SIGHT**

The Japanese economy shows no sign of recovering from the depressed level of the first half, when real GNP fell at an 8% annual rate. Nonetheless, Tokyo seems determined to stay with its tough anti-inflation program even at the expense of alienating labor.

The upturn in demand has failed to materialize, largely because of continued tight government policies. Despite record wage hikes earlier this year, household spending continues weak because of reduction of work hours and erosion of income gains by inflation. Fixed investment spending - down sharply in the first half - remains becalmed, with new machinery orders still running nearly 5% below a year ago.

The 3.5% drop in industrial output in August was the steepest in 25 years. Recovery is unlikely under present policy, especially since tight credit is making inventory accumulation difficult. Inventories of finished goods already stand at record levels, following a large buildup in the summer. The inventory overhang could delay recovery until well into 1975.

**JAPAN: Inventories Up; Production Down**  
Index 1970=100



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Japan's strong export performance recently has been the only bright spot. Export volume has been running 15% to 20% above year-earlier levels and value gains have been substantially greater. Although the export volume growth has begun to slow because of the economic downturn abroad, import demand has slipped even faster. As a result, the trade balance is showing relatively large monthly surpluses.

Tokyo remains more concerned about controlling inflation than stimulating recovery. The only policy shift has been a slight easing in credit restrictions for the current quarter when requirements for corporate funds are seasonally high. Tokyo is also providing financial aid to depressed industries, such as textiles and construction, to keep the number of bankruptcies down. By these measures, the Tanaka government has been able to maintain business support for its anti-inflationary policies.

The major threat to Tokyo's anti-inflationary policies is likely to be union demand for another steep wage increase next year. Tokyo wants to keep increases to 15%, but labor -- accustomed to winning sizable increases with little resistance -- will push for 25%. Japanese firms are in no position to absorb cost increases of this magnitude, particularly in the absence of their accustomed productivity gains. A locking of horns between labor on the one hand and government and business on the other seems likely.

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### **WEST GERMAN INVESTMENT IN THE UNITED STATES ACCELERATES**

West German direct investment in the United States took a sudden upturn in the first half of 1974. Flows reached \$200 million, compared with \$130 million in all of 1973. West Germany's \$1.2 billion in US holdings now ranks fifth, after those of the United Kingdom, Canada, Switzerland, and the Netherlands.

Rapidly rising labor costs and an increase of more than 40% in the dollar value of the mark since 1971 have made investment in the United States increasingly attractive. The revaluation has both reduced the competitiveness of West German goods in the US market and increased the mark's purchasing power in relation to US factors of production.

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The West German investment boom is concentrated in the chemical industry. Ground was broken last spring for two Hoechst plants in Texas and South Carolina, and several BASF plants are being expanded. The total cost of these facilities will approximate \$400 million. New West German investment in the US electrical industry reached about \$30 million in the first half of 1974. Facilities in these two industries traditionally have accounted for about half of West German direct investment here.

The outlook is for continued large investment flows from West Germany. The shift in relative competitiveness in certain industries is being reinforced by Bonn's encouragement of increased production abroad to reduce the huge trade surplus. The United States is a major prospect for West German investment because it takes 10% of FRG exports. Volkswagen, for example, has reacted to a sharp drop in US sales by showing renewed interest in future development of a US assembly plant, potentially costing \$250 million or so.

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#### SAUDI ARABIA: OIL REVENUE AND INVESTMENT FLOWS IN 1974

Anticipated Saudi Arabian oil revenues of more than \$17 billion in the second half of 1974 are more than double the revenues of the first half and are 10 times expected imports. The Saudis will accumulate a current account surplus of more than \$15 billion in the second half, compared with nearly \$6 billion in the first. As a result the flow of petrodollars to the US market will swell.

#### Saudi Arabia: Estimated Oil Receipts 1974

	Billion US \$				
	1st Qtr	2d Qtr	3d Qtr	4th Qtr	Total
<b>Total</b>	2.2	5.2	8.0	9.2	24.6
Receipts, (excluding retroactive pay- ments	2.2	5.2	6.4	7.6	21.4
Retroactive pay- ments	....	....	1.6	1.6	3.2

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The sharp increase in Saudi oil receipts in the current half year reflects normal lags in payments and deferral of company payments for government-owned oil. Royalties and taxes are paid one and three months, respectively, after production. The huge price hike effective 1 January therefore did not greatly enlarge Saudi revenues until the second quarter. The ARAMCO concessionaires were allowed to delay full payment for the government's participation oil until the second half of 1974 because of uncertainties surrounding the timing and terms of the final agreement. At the end of June, these deferred payments totaled \$2 billion.

**Saudi Arabia: Balance of Payments  
1974**

	Million US \$	
	Estimated First Half	Projected Second Half
Export receipts	7,450	17,175
Oil	7,445	17,170
Non-oil	5	5
Import payments (f.o.b.)	1,460	1,715
Trade balance	5,990	15,460
Net services	-235	90
Current account balance	5,755	15,370
Net capital flows <sup>1</sup>	-720	
Increase reported in official reserves	3,210	

1. Including both Saudi concessionary loans and unilateral transfers.

Even with a jump in imports in the first half to \$1.5 billion, Saudi Arabia achieved a current account surplus of almost \$6 billion, an eighth of which was spent on foreign aid. The Saudis have reported an increase in official foreign reserves of only \$3.2 billion to the IMF; the residual apparently consists largely of unreported direct placements of funds in Europe.

Saudi investment in the United States -- mainly in the form of US securities, bank deposits, and equity shares -- was six times as great in the third quarter as in the second quarter. Growing concern over the ability of the Eurodollar market to absorb additional petrodollars will stimulate an even greater inflow into the United States during the current quarter.

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**Secret****CHINA: GRAIN IMPORTS CUT**

The Chinese have sharply reduced their scheduled agricultural imports for 1974, with most of the impact falling on US shipments.

A contract for 600,000 tons of US soybeans, which had originally been substituted for corn, has been canceled. Moreover, three contracts for US wheat have been deferred until 1975. In all cases, contamination of cargoes was the stated reason for the changes. Shipment of 500,000 tons of Canadian wheat will be deferred until 1975 because of dock strikes. The overall result is a reduction of about 1.8 million tons from our earlier estimates of Chinese grain imports in 1974. No relief is in sight for the tight US grain market, however, as the United States has recently agreed to sell 2.2 million tons of grain to the USSR.

**China: Grain Imports**

	<b>Million Tons</b>			
	<b>1974</b>			<b>Preliminary 1975</b>
	<b>1973</b>	<b>Estimate as of 30 Jun</b>	<b>Current Estimate</b>	
<b>Total</b>	<b>7.5</b>	<b>9.4</b>	<b>7.6</b>	<b>7.1</b>
United States	4.1	4.1	2.4	1.6
Canada	2.5	3.0	2.5	2.5
Australia	0.8	1.2	1.6	1.8
Argentina	0.1	0.9	0.9	1.0
France	....	0.2	0.2	0.2

Aside from the factors of contamination and dock strikes, the Chinese appear to have raised their estimate of the 1974 crop. Minister of Agriculture and Forestry Sha Feng has just claimed that grain production this year will surpass the 1973 level of 250 million tons. Growing conditions for the important fall crop, which is now beginning to be harvested, have been good and may be the main reason for Chinese optimism. In addition, erratic weather early in the year probably led the Chinese to overbuy grain at midyear, when wheat prices appeared to be softening.

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## BANANA EXPORTERS UNION: ALIVE BUT NOT WELL

Efforts by four members of the Union of Banana Exporting Countries -- Colombia, Costa Rica, Honduras, and Panama -- to raise revenues through an export tax may cost them substantial shares of the US market.

The four countries, normally the source of 75% of US banana supplies, have been taxing banana exports since May 1974. They have been unable to persuade Ecuador (the world's largest banana exporter), Guatemala, and Nicaragua to go along with the tax. Of the three, only Guatemala has joined the Union.

Under the scheme proposed last spring, all seven countries were to adopt a tax of 2-1/2 cents per pound, which would have raised their earnings by \$275 million annually and probably would have boosted US retail prices by 15%-20%. By June, four countries had imposed the tax, at rates of 1-1/4 to 2-1/2 cents.

As a result, three US companies that dominate the industry threatened to sell their plantations in Costa Rica and Panama and also put strong pressure on Honduras. In late July, United Brands suspended shipments from Panama for 2-1/2 weeks. These measures persuaded the countries to reduce the tax temporarily to 0.6 cent per pound. In the meantime, the companies have had no trouble absorbing the tax, since normal seasonal factors, strikes on Honduran and Costa Rican plantations, and losses from the September Honduran hurricane have kept prices high.

If the four countries insist on the full amount of the tax, the companies almost certainly will shift their operations toward Ecuador and other non-Union countries. Ecuador, which lost half its US market to Central American producers in the 1960s, no doubt will cooperate enthusiastically in such efforts. The UN Food and Agriculture Organization estimates that during the next two years Ecuador could expand banana exports by 20%, an amount equal to two-fifths of the exports of the four taxing countries. The Philippines and Taiwan, where the companies have established plantations to supply Japan, are additional potential sources for the US market.

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**Secret****Notes****Canada: Wheat Export Sales Suspended**

The Canadian Wheat Board has temporarily suspended export sales because of crop losses. Frost has reduced the 1974 harvest to an estimated 13.3 million tons, 20% less than last year, and has rendered an abnormal amount suitable only for feeding livestock. Exports will probably not exceed 10.5 million tons -- the lowest level in five years. To export even this amount, Ottawa will have to draw down stocks by 2 million tons -- the maximum probably considered prudent. Stocks now amount to 10 million tons, one-third of the Free World total.

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**EC Extends Beef Ban**

The EC Commission has decided to continue indefinitely the ban on beef imports scheduled to expire 31 October. Extension of the embargo, which is intended to relieve a glut caused by domestic overproduction and slack demand, will further incense the beef exporting countries and may provoke retaliatory trade restrictions. Austria, a small beef exporter, has already suspended import concessions granted EC table grapes and wine.

**West German Business Failures Rise**

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Sluggish economic activity and tight credit are driving German businesses into bankruptcy at an increasing rate this year. Insolvencies numbered 4,900 through August, 42% above the year-earlier figure. Although bank failures have received the most publicity, construction firms have been more widely hit. More than 100 building concerns failed in July alone.

**Indonesia to Sell Rice to Bangladesh**

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Indonesia this week offered to sell rice from government stocks to Bangladesh -- reportedly 50,000 or 80,000 tons. As a result of large imports earlier this year and a good spring harvest, government stocks have risen to an estimated 900,000 tons, probably straining storage capacity. In apprising the United States, Japan, and Australia of its move, Jakarta stressed that Indonesia still needs the food aid previously requested.

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**Sugar Prices Continue Upward Spiral**

Tightening supplies and continued strong demand have pushed world market prices to 41 cents per pound f.o.b. Caribbean, more than quadruple the 1 January level. Poor weather has already affected production in the European Community and has dimmed harvest prospects in Brazil, Cuba, and the rest of the Caribbean. At the same time, world demand, bolstered by large continuing Middle East purchases, remains high. Output is now expected to fall below consumption for the fourth year in the last five. Stocks, which are already low, will be drawn down to only 17% of estimated annual consumption. The US price, now at 39.5 cents, will converge with the world price with the expiration of the US Sugar Act on 31 December 1974. [REDACTED]

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**Publications of Interest\*****Communist Aid and Trade Activities in Less Developed**

**Countries, September 1974**  
**(ER RP 74-21, October 1974, [REDACTED])**

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The October monthly publication features a quarterly wrapup of Communist-LDC oil trade activities, as well as a summary of significant developments in Communist economic and military relations with less developed countries.

**Egypt's Agricultural Prospects**  
**(ER RP 74-20, October 1974, [REDACTED])**

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Because of the existence of a complicated set of irrigation and crop rotation practices, developed over time to maximize the return to scant resources, little change is to be expected in the pattern of Egyptian agricultural production and trade in the short run. Egypt will continue to feature high-value commercial crops and to depend on imports for land-intensive commodities such as meat and cereals. During the next five years or so, continued improvement in drainage and in plant varieties should result in the maintenance of per capita output and permit a slow rise in agricultural exports. In the longer term, Sadat's economic liberalization program could generate an urban boom that would inflate the nation's food bill and strip away part of the rural labor force.

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## INTERNAL ECONOMIC INDICATORS

## GNP\*

Constant Market Prices

	Average Annual Growth Rate Since				
	Percent Change from Previous		1970	1 Year Earlier	Previous Quarter
	Latest Quarter	Month			
United States	74 III	-0.7	3.2	-2.3	-2.9
Japan	74 II	0.6	5.7	-3.3	2.4
West Germany	74 II	-0.7	3.1	1.1	-2.9
France	73 IV	1.7	-3.8	6.0	7.0
United Kingdom	74 I	-3.5	1.9	-4.4	-13.3
Italy	73 IV	1.9	3.7	5.3	7.7
Canada	74 II	0	5.7	4.9	0

## WHOLESALE PRICES

Industrial

	Average Annual Growth Rate Since				
	Percent Change from Previous		1970	1 Year Earlier	3 Months Earlier
	Latest Month	Month			
United States	Sep 74	0.8	9.8	27.3	26.5
Japan	Sep 74	0.1	11.1	30.7	9.5
West Germany	Sep 74	0.3	6.9	14.7	7.3
France	Aug 74	-0.7	12.4	30.3	-2.5
United Kingdom	Sep 74	1.5	11.5	25.7	19.9
Italy	Jul 74	2.5	16.3	47.1	24.2
Canada	Jul 74	2.0	11.2	24.6	12.2

## INDUSTRIAL PRODUCTION\*

	Average Annual Growth Rate Since				
	Percent Change from Previous		1970	1 Year Earlier	3 Months Earlier**
	Latest Month	Month			
United States	Sep 74	0.3	4.0	-1.0	0.1
Japan	Aug 74	-3.5	5.2	-6.3	-13.2
West Germany	Aug 74	0	2.5	-3.8	-7.9
France	Aug 74	0	6.2	4.1	12.4
United Kingdom	Aug 74	1.2	2.9	1.2	7.5
Italy	Aug 74	-4.8	3.6	-0.6	0
Canada	Jul 74	-0.8	5.8	1.9	-5.6

## CONSUMER PRICES

	Average Annual Growth Rate Since				
	Percent Change from Previous		1970	1 Year Earlier	3 Months Earlier
	Latest Month	Month			
United States	Aug 74	1.3	6.4	11.2	13.2
Japan	Aug 74	1.0	11.5	25.4	15.4
West Germany	Aug 74	0	6.1	6.9	2.5
France	Aug 74	0.8	8.2	14.5	13.4
United Kingdom	Sep 74	1.1	10.4	17.1	8.7
Italy	Aug 74	2.1	10.3	20.5	28.9
Canada	Sep 74	0.6	6.7	10.9	9.7

## RETAIL SALES\*

Current Prices

	Average Annual Growth Rate Since				
	Percent Change from Previous		1970	1 Year Earlier	3 Months Earlier**
	Latest Month	Month			
United States	Sep 74	-1.2	9.7	8.6	17.8
Japan	May 74	4.7	13.0	15.9	-1.7
West Germany	Jun 74	-1.5	7.7	2.0	1.5
France	May 74	6.2	8.5	18.1	1.3
United Kingdom	Jun 74	3.3	11.9	14.7	8.3
Italy	Apr 74	0.9	17.4	27.0	34.0
Canada	Jul 74	1.7	12.4	16.2	24.6

## MONEY SUPPLY\*

	Average Annual Growth Rate Since				
	Percent Change from Previous		1970	1 Year Earlier	3 Months Earlier**
	Latest Month	Month			
United States	Sep 74	0.1	5.8	5.8	2.2
Japan	Jun 74	1.6	17.9	15.7	17.6
West Germany	Jul 74	0.4	9.1	7.1	9.7
France	Jun 74	1.3	12.7	10.7	15.6
United Kingdom	Sep 74	-0.4	8.5	2.4	5.1
Italy	Jan 74	0.1	20.7	22.7	22.5
Canada	Aug 74	-0.7	12.3	7.3	0

## MONEY-MARKET RATES

	Percent Rate of Interest				
	Representative Rates		Latest Date	1 Year Earlier	3 Months Earlier
	Dealer-placed finance paper	Call money			
United States			Oct 2	10.50	8.50
Japan			Sep 25	13.00	9.00
West Germany			Oct 2	9.48	13.88
France			Sep 25	13.38	11.75
United Kingdom			Oct 2	11.71	13.27
Canada			Oct 2	11.25	8.75
Euro-Dollars			Oct 2	12.04	10.38

\*Seasonally adjusted.

\*\*Average for latest 3 months compared with average for previous 3 months.

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Office of Economic Research/CIA

Note: US data provided by US government agencies



## EXTERNAL ECONOMIC INDICATORS

## EXPORTS\*

f.o.b.

	Latest Month's	Cumulative			
		Million US \$	Million US \$		Percent Change
			1974	1973	
United States	Aug 74	8,370	93,280	44,014	43.8
Japan	Sep 74	4,492	38,857	25,790	50.8
West Germany	Aug 74	7,907	58,603	42,468	38.0
France	Sep 74	4,015	34,313	26,857	28.7
United Kingdom	Sep 74	3,295	26,898	21,148	26.2
Italy	Aug 74	2,464	19,026	13,533	40.6
Canada	Aug 74	2,871	21,021	16,329	28.7

## EXPORT PRICES

US \$

	Latest Month	Percent Change from Previous Month			Average Annual Growth Rate Since	
		1970		1 Year Earlier	3 Months Earlier	
		Month	Month			
United States	Aug 74	5.7	12.9	27.9	43.9	
Japan	Aug 74	0.2	16.1	25.4	0.2	
West Germany	Jul 74	2.2	15.3	7.9	17.9	
France	Jun 74	2.5	14.7	11.5	33.5	
United Kingdom	Jul 74	1.7	13.5	25.4	30.4	
Italy	May 74	1.9	13.6	30.8	74.7	
Canada	May 74	1.4	14.7	43.2	55.2	

## IMPORTS\*

f.o.b.

	Latest Month	Cumulative			
		Million US \$	Million US \$		Percent Change
			1974	1973	
United States	Aug 74	9,502	65,402	44,870	45.8
Japan	Sep 74	4,087	39,483	22,737	73.6
West Germany	Aug 74	6,067	42,419	32,617	30.1
France	Sep 74	4,229	37,386	25,606	46.0
United Kingdom	Sep 74	4,174	35,643	24,341	46.4
Italy	Aug 74	3,173	24,337	15,140	60.7
Canada	Aug 74	2,860	20,590	14,884	38.3

## EXPORT PRICES

National Currency

	Latest Month	Percent Change from Previous Month			Average Annual Growth Rate Since	
		1970		1 Year Earlier	3 Months Earlier	
		Month	Month			
United States	Aug 74	5.7	12.9	27.9	43.9	
Japan	Aug 74	4.1	11.3	42.8	39.8	
West Germany	Jul 74	3.4	5.4	18.0	23.0	
France	Jun 74	3.3	11.1	28.5	42.5	
United Kingdom	Jul 74	1.6	13.6	23.3	29.6	
Italy	May 74	1.3	13.9	40.2	52.3	
Canada	May 74	0.7	12.2	37.3	44.7	

## TRADE BALANCE\*

f.o.b./f.o.b.

	Latest Month	Cumulative (Million US \$)			
		Million US \$	1974	1973	Change
Japan	Aug 74	-1,132	-2,113	-856	-1,257
West Germany	Sep 74	405	-626	3,059	-3,684
France	Aug 74	1,840	16,184	9,849	6,335
United Kingdom	Sep 74	-214	-3,073	1,051	-4,125
Italy	Sep 74	-879	-8,945	-3,193	-5,752
Canada	Aug 74	-709	-5,311	-1,607	-3,704
	Aug 74	11	432	1,445	-1,014

## IMPORT PRICES

National Currency

	Latest Month	Percent Change from Previous Month			Average Annual Growth Rate Since	
		1970		1 Year Earlier	3 Months Earlier	
		Month	Month			
United States	Aug 74	2.9	19.8	53.4	34.9	
Japan	Aug 74	2.6	17.3	77.8	16.6	
West Germany	Jul 74	0.4	6.8	32.7	21.8	
France	Jun 74	0	15.6	61.5	37.0	
United Kingdom	Jul 74	0.4	21.3	57.1	17.9	
Italy	May 74	0.3	25.5	85.5	45.3	
Canada	May 74	4.7	11.0	30.4	62.8	

## BASIC BALANCE\*\*

Current and Long-Term Capital Transactions

	Latest Period		Cumulative (Million US \$)		
		Million US \$	1974	1973	Change
United States *	74 II	-2,740	-954	-2,164	1,210
Japan	Sep 74	160	-9,099	-8,674	-2,425
West Germany	Aug 74	-424	4,558	5,817	-1,259
France	73 IV	-475	N.A.	-2,472	N.A.
United Kingdom	74 I	84	84	-1,033	1,117
Italy	74 I	-2,037	-2,037	975	-3,012
Canada	74 I	-195	-195	-228	33

## EXCHANGE RATES

As of 18 Oct 74

	US \$ Per Unit	Percent Change from			
		Dec 66	18 Dec 1971	19 Mar 1973	11 Oct 1974
		1971	1973	1974	
Japan (Yen)	0.0033	21.06	2.86	-12.17	-0.30
West Germany (Deutsche Mark)	0.3885	54.53	25.20	9.71	0.78
France (Franc)	0.2115	4.75	7.41	-4.04	0.52
United Kingdom (Pound Sterling)	2.3325	-16.42	-10.48	-5.22	0.02
Italy (Lira)	0.0015	-6.56	-13.02	-15.48	0.13
Canada (Dollar)	1.0179	10.35	2.01	2.02	0.03

## OFFICIAL RESERVES

	Latest Month	Billion US \$			
		End of		1 Year Earlier	3 Months Earlier
		Billions US \$	Jun 1970		
United States	Aug 74	15.5	14.5	12.9	14.9
Japan	Sep 74	13.2	4.1	14.8	13.4
West Germany	Aug 74	33.1	8.8	33.4	34.4
France	Sep 74	8.6	4.4	11.2	8.2
United Kingdom	Sep 74	7.2	2.8	6.4	6.7
Italy	Jun 74	5.3	4.7	6.0	6.7
Canada	Sep 74	5.8	4.3	5.7	6.1

## TRADE-WEIGHTED EXCHANGE RATES\*\*\*

As of 18 Oct 74

	Dec 66	Percent Change from		
		18 Dec 1971	19 Mar 1973	11 Oct 1974
		1971	1973	1974
United States	-14.46	-5.18	1.42	-0.18
Japan	12.73	-0.79	-12.61	-0.42
West Germany	31.47	14.44	9.40	0.21
France	-16.93	-3.56	-6.02	-0.09
United Kingdom	-35.27	-21.02	-6.60	-0.37
Italy	-28.52	-27.15	-20.20	-0.44
Canada	7.90	1.31	2.95	-0.01

\*Seasonally adjusted.

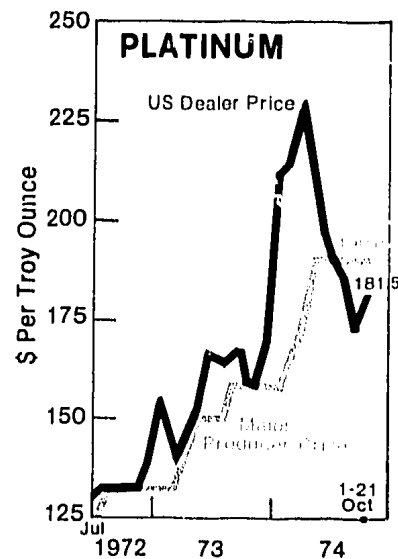
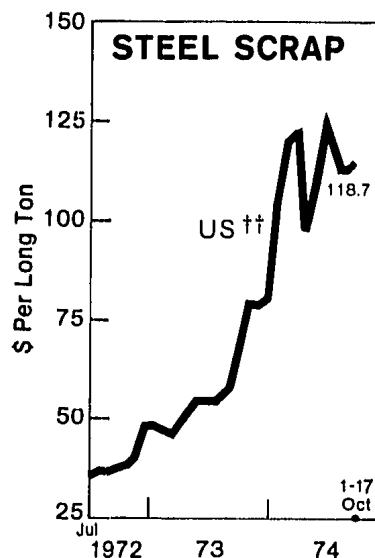
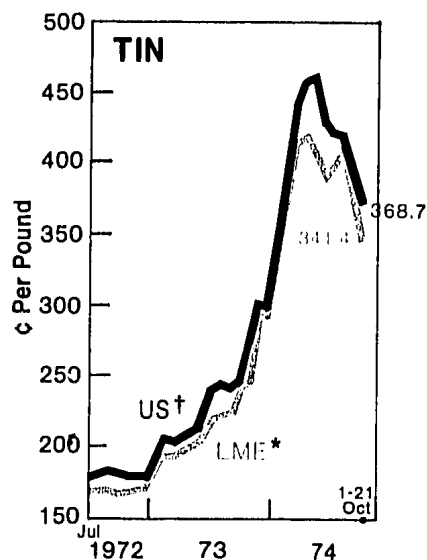
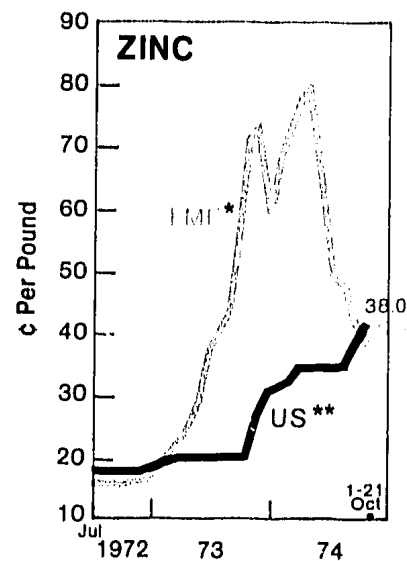
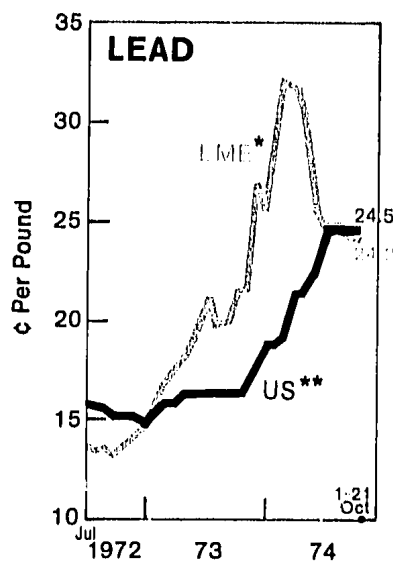
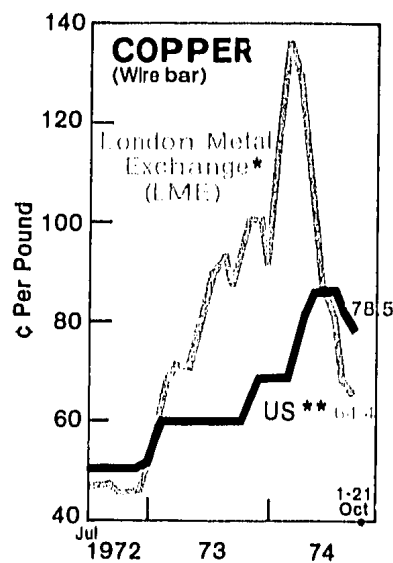
\*\*Converted into US dollars at current market rates of exchange.

\*\*\*Weighting is based on each listed country's trade with 16 other industrialized countries to reflect the competitive impact of exchange-rate variations among the major currencies.

23 October 1974

**METAL PRICES**

(Monthly Average Price)

**COMMODITIES****Cash Prices**

	21 Oct	14 Oct	Sep 74 Average	Oct 73 Average
Copper-LME (¢ per pound)	59.8	64.5	65.7	94.1
Copper-US (¢ per pound)	75.6	79.6	82.3	59.5
Lead-LME (¢ per pound)	24.2	24.0	24.3	21.5
Lead-US (¢ per pound)	24.5	24.5	24.5	16.5
Zinc-LME (¢ per pound)	33.8	37.4	41.0	53.0
Zinc-US (¢ per pound)	38.0	38.0	37.4	20.4
Tin-LME (¢ per pound)	311.7	314.2	414.7	245.0
Tin-US (¢ per pound)	350.5	356.8	416.0	245.9
Steel scrap (\$ per long ton)	N.A.	119.0	114.3	67.4
Platinum US dealer (\$ per troy ounce)	171.5	180.5	169.6	167.6
Platinum-US producer (\$ per troy ounce)	190.0	190.0	190.0	158.0

\*Approximates world market price frequently used by major world producers and traders, although only small quantities of these metals are actually traded on the LME.

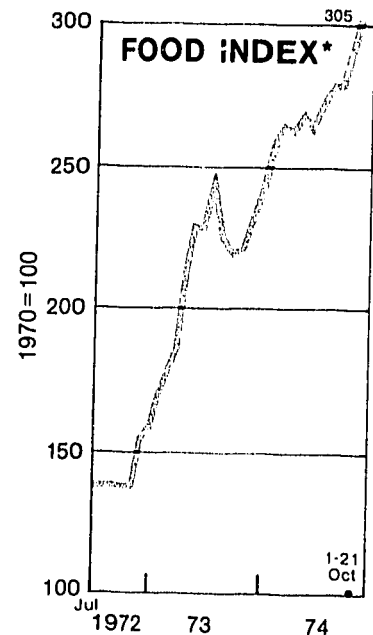
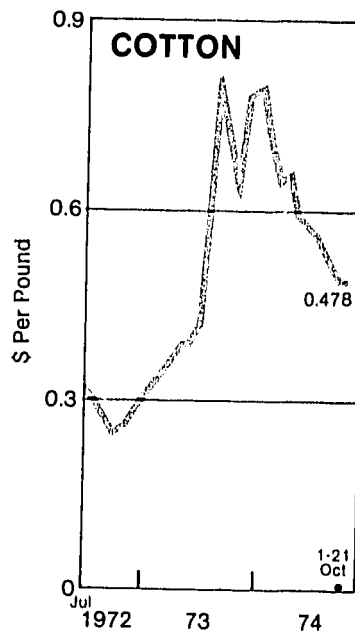
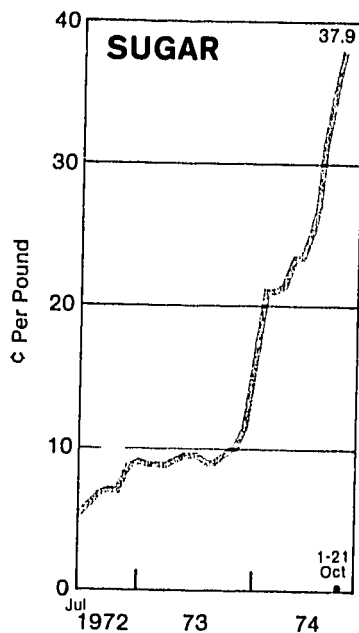
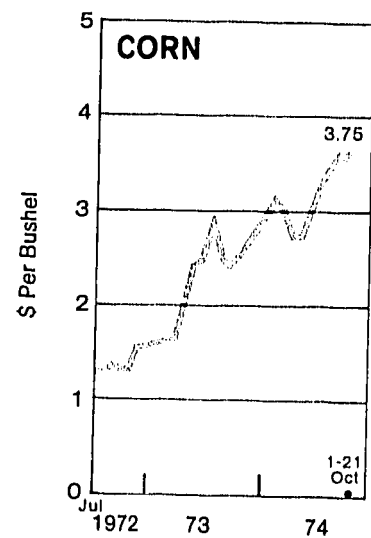
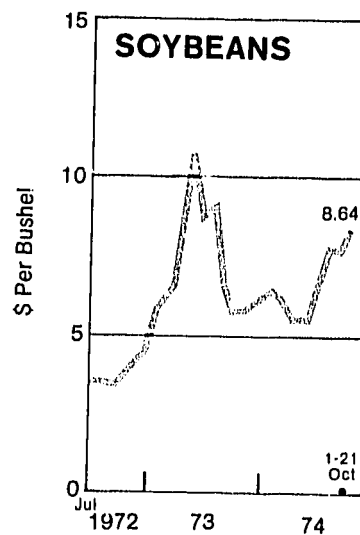
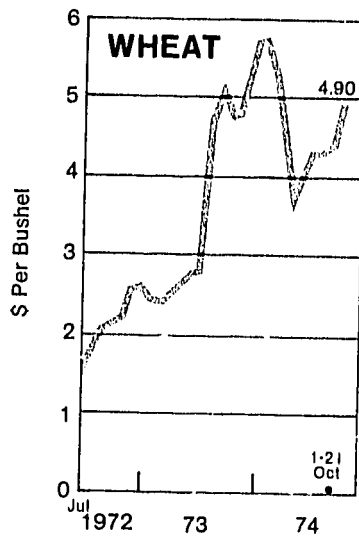
\*\*Producers' price, covers most primary metals sold in the United States.

† Quoted on New York market. †† Composite price for Chicago, Philadelphia, and Pittsburgh.

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# AGRICULTURAL PRICES

(Monthly Average Price)



\* This is a compiled index by the *Economist* for 16 food commodities which enter international trade. Commodities are weighted by 3-year moving averages of imports into industrialized countries.

## COMMODITIES

	Cash Prices			
	21 Oct	14 Oct	Sep 74 Average	Oct 73 Average
Wheat—Kansas City #2 Hard Winter (\$ per bushel)	5.01	4.96	4.38	4.72
Corn—Chicago #2 Yellow (\$ per bushel)	3.76	3.79	3.56	2.37
Soybeans—Chicago #1 Yellow (\$ per bushel)	8.43	8.43	7.59	5.62
Sugar—World Raw New York #11 (c per pound)	40.55	38.00	34.40	9.60
Cotton—Memphis 1 <sup>11</sup> / <sub>16</sub> (\$ per pound)	0.4590	0.4565	0.4900	0.7560